

Education and Workforce Development Cabinet

Kentucky's jobless rate increases to 6.3 percent in June

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Editor's Note: Preliminary June and revised May labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate for June 2008 rose to 6.3 percent from May 2008's revised 6.2 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. June 2007's jobless rate was 5.5 percent.

The U.S. seasonally adjusted jobless rate stayed at 5.5 percent from May 2008 to June 2008, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

"The Kentucky economy, weighed down by soaring food and energy prices, the housing crisis, and a softening in the labor market, treaded water in June 2008. Non-farm employment decreased by 4,400 positions. However, the vast majority of this decline is attributed to temporary layoffs," said Justine Detzel, OET chief labor market analyst.

Four of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported employment increases in June 2008, while seven decreased, according to OET. A decrease of 4,400 jobs in June 2008 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,874,700. Since June 2007, Kentucky's nonfarm employment has climbed by 3,600.

According to the seasonally adjusted employment data, the trade, transportation and utilities sector grew by 1,000 jobs in June 2008. This area includes retail and wholesale trade, transportation and warehousing businesses, and utilities, and it is the largest sector in Kentucky with 391,800 employees. Since June 2007, the number of jobs in this sector has jumped by 4,900.

"Retail trade businesses accounted for the majority of the 1,000 jobs added since May 2008, reflecting a store opening and an expansion at a different retailer. All industries in the sector reported year-over-year job growth, with the majority of these employment gains occurring in retail trade enterprises," Detzel said.

The construction sector recorded 700 more positions in June 2008. Since June 2007, employment in this sector has increased by 2,100 positions. “This is the third consecutive month of employment gains in the construction sector, which is reflective of strength in specialty trade contractors,” said Detzel.

The government sector, which includes public education, public administration agencies, and state-owned hospitals, added 500 positions in June 2008. Since June 2007, this sector has risen by 9,200 jobs.

“A majority, 5,700, of the year-over-year employment gains in the government sector occurred in the local government subsector,” said Detzel.

Between May 2008 and June 2008, the number of positions in the natural resources and mining sector rose by 100 jobs. Since June 2007, the segment has gained 300 jobs.

The manufacturing sector lost 4,200 jobs in June 2008. Compared to June 2007, jobs in the sector were down by 10,700 in June 2008.

“This is the fourth time this year that manufacturing employment has declined. The durable goods subsector accounted for these job losses. This employment decrease reflects layoffs at major manufacturers and a plant closing,” Detzel said.

“While the year-over-year employment decrease in manufacturing is concentrated in the durable goods subsector, both the nondurable goods and durable goods subsectors experienced extensive employment losses. With the fragile economy and an anemic job market, consumers have become reluctant to reach into their wallets and purchase big ticket items such as automobiles. Financially strained consumers, faced with sluggish wages amid surging energy and food costs, are reducing discretionary purchases in effort to make ends meet,” she said.

Kentucky’s educational and health services sector lost 1,000 jobs in June 2008. Since last June, this segment has shrunk by 1,900 jobs. This sector includes private and nonprofit establishments that provide either education and training, or health care and social assistance to their clients.

Kentucky’s leisure and hospitality sector reported an employment loss of 600 jobs in June 2008. Since June 2007, employment in the sector has increased by 1,000 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations, and food services and drinking places industries.

The number of jobs in the financial activities sector decreased by 400 in June 2008. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has added 300 positions over the past 12 months.

“This is the fourth consecutive month of employment losses in the financial activities sector. Of those 400 jobs that were lost in this sector in June 2008, 100 were in the real estate and rental and leasing industry, which is reflective of weakness in the housing market and the credit crunch. Both of these factors act to reduce mortgage and home-equity loan applications,” Detzel said.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations, and civic and professional organizations, decreased by 200 jobs in June 2008. This area had 100 fewer jobs in June 2008 than in June 2007.

The number of jobs in the professional and business services sector dropped by 200 in June 2008. This area had 1,100 fewer employees in June 2008 than in June 2007. The professional and business services sector includes professional, scientific and technical services, management of companies, and administrative and support management, including temporary help agencies.

The information sector fell by 100 jobs in June 2008. This segment, which includes firms involved in publishing, Internet activities, and broadcasting and news syndication, has lost 400 positions since June 2007.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for June 2008 was 1,913,340 on a seasonally adjusted basis. This figure is down 6,469 from the 1,919,809 employed in May 2008, and down 18,971 from the 1,932,311 employed in June 2007.

The monthly estimate of the number of unemployed Kentuckians for June 2008 was 128,294, up 647 from the 127,647 Kentuckians unemployed in May 2008, and up 15,547 from the 112,747 unemployed in June 2007.

The monthly estimate of the number of Kentuckians in the civilian labor force for June 2008 was 2,041,634. This figure is down 5,822 from the 2,047,456 recorded in May 2008, and down 3,424 from the 2,045,058 recorded for June 2007.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeapp.htm>.